



HALEY BARBOUR  
GOVERNOR

STATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR

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CONTACT: Dan Turner (601) 576-2009; dturner@governor.state.ms.us  
Laura Hipp (601) 576-2020; lhipp@governor.state.ms.us

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**GOVERNOR BARBOUR ORDERS THIRD ROUND  
OF FY 2010 BUDGET REDUCTIONS**

Jackson, Mississippi -- Governor Haley Barbour today ordered across-the-board budget reductions for state agencies, departments and special funds, culling another \$216 million from the Fiscal Year 2010 budget due to continuing revenue shortfalls.

The budget reduction ordered today means nearly every state government account, except those exempt by statute, have been cut by 8.19 percent. The Legislature's budget was not cut, as it has exempted itself from being subjected to budget cuts.

"The unwillingness of the House to give the Governor the authority to spread out the budget reductions in a logical way and the reluctance of the Legislature to take on the responsibility of making the reductions has forced me to cut the budget under the existing law," Governor Barbour said.

By statute, the Governor is prohibited from cutting any agency by more than 5 percent until spending for all agencies has been cut 5 percent. After reaching the 5 percent threshold, the Governor may make additional cuts, but only if the same percentage of cuts is applied to each part of the budget.

Governor Barbour asked lawmakers for authority to be flexible with the additional cuts. The Senate quickly agreed, but the House has steadfastly refused.

As a result, this third round of cuts could force the Department of Corrections to release 3,400 to 4,000 prisoners who are not approved for parole. Governor Barbour said he hopes to find a way to restore the \$24 million from this round of budget cuts to MDOC.

"Departments and agencies now have five months to absorb the impact of the latest round of budget cuts. It would have been irresponsible to delay making the cuts, because as we move deeper into the fiscal year, the impact of the budget cuts becomes more drastic," Governor Barbour said. "With the size of the cuts and the time remaining to apply them, now more than ever, it's important that the Legislature give agency and department heads lump-sum budgeting

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authority and freedom to ~~manage more effectively out from under~~ State Personnel Board restrictions.

The rigid across-the-board cuts hit some agencies especially hard because of legal settlements included in their budgets. For instance, current law requires the Governor to show a cut to the Ayers settlement, but the Institutions of Higher Learning budget will have to make up the difference in the settlement payment in addition to IHL's own budget cuts.

Two previous rounds of budget cuts, in September and December, totaled more than \$221 million.

From the beginning of FY 2010 in July through December, state revenues have come in 8.1 percent below the amounts budgeted. At the current pace, shortfall will be about \$437 ~~million~~ for the fiscal year. The Governor must trim spending as mandated by Mississippi Code §27-104-13, which requires the State Fiscal Officer to balance the budget when state revenue falls below estimates for the fiscal year.

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